

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE CATV POLE ATTACHMENT)	
TARIFF OF SALEM TELEPHONE)	ADMINISTRATIVE
COMPANY, INC.)	CASE NO. 251-17

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, "The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments," and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming with the principles and findings of the Order on or before November 1, 1982.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on the CATV pole attachment tariff to be filed by Salem Telephone Company, Inc., ("Salem"). On November 29, 1982, Salem filed rates, rules, and regulations governing CATV pole attachments. On January 17, 1983, KCTA filed a statement of objections to various CATV pole attachment tariffs, but made no specific objections in the case of Salem.

The Commission acknowledges that it did not suspend Salem's CATV pole attachment tariff and allowed the rates, rules, and regulations to become effective January 1, 1983. However, an evaluation of Salem's CATV pole attachment tariff has revealed numerous areas where the

tariff is inconsistent with the Commission's Amended Order in Administrative Case No. 251. The Commission enters this Order to modify Salem's CATV pole attachment tariff.

Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Salem's rules and regulations governing CATV pole attachments do not conform with the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be denied.
2. Salem did not file a rate, rule, or regulation governing CATV anchor attachments. The Commission advises Salem that it is not required to provide CATV anchor attachments. However, in the event Salem provides or plans to provide CATV anchor attachments, it should file a CATV anchor attachment rate, along with appropriate cost information.
3. Salem did not file a rule or regulation governing CATV conduit usage. The Commission advises Salem that in the event it provides or plans to provide CATV conduit space, it should file a CATV conduit usage rate, along with appropriate cost information.
4. Salem failed to provide sufficient information to verify its calculations of embedded pole cost. Therefore, Salem should file information from plant records or another reliable source showing the number of 30-foot, 35-foot, 40-foot, and 45-foot poles in service, and related pole investment. The information should be classified according to vintage year. Also, any discrepancy between

the total number of poles shown in the calculations of embedded pole cost and the total number of poles shown in the 1981 Annual Report should be explained.

5. Salem's calculation of its annual carrying charge should be modified as follows:

(a) The cost of money component should be deleted, because the cost of debt was included in the past rate of return authorized by the Commission, in Case No. 7782, "Application of Salem Telephone Company, Inc., for Authority to Increase its Rates for Telephone Service Rendered on and after July 1, 1980."

(b) The taxes component should be 1.21 percent, as calculated from the 1981 Annual Report.

(c) The administrative and overhead component should be 4.02 percent, as calculated from the 1981 Annual Report.

(d) The maintenance component should be 0.53 percent, as calculated from the 1981 Annual Report. The maintenance component should be based on the most recent available information. It should not be calculated as a 5-year average or inflated.

(e) The total annual carrying charge should be 13.62 percent, based on calculations from the 1981 Annual Report and the Commission's Order in Case No. 7782.

6. Salem should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge, if the information is available and filed with the Commission. Furthermore, any adjusted calculation of the annual carrying charge should be made as outlined in Attachment 1 to this Order, unless a specific deviation is requested and reasonable cause demonstrated.

Orders

IT IS THEREFORE ORDERED that Salem's CATV pole attachment tariff as filed with the Commission on November 29, 1982, be and it hereby is canceled.

IT IS FURTHER ORDERED that Salem shall file revised rates, rules, and regulations governing CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules, and regulations shall conform with the findings of this Order.

IT IS FURTHER ORDERED that Salem shall file information as outlined in this Order concerning embedded pole cost, at the same time it files its revised rates, rules, and regulations.

Done at Frankfort, Kentucky, this 31st day of March, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

ATTACHMENT 1

CATV Annual Carrying Charge

The annual carrying charge should be based on the 1981 or 1982 Annual Report, Form M, to the Public Service Commission of Kentucky, and Commission Orders, as follows:

1. Depreciation

Depreciation on pole lines is stated at Page 31, Line 7, Column (d).

2. Taxes

The formula for calculating taxes is:

$$\frac{\text{Page 16, Lines 6 + 7, Column (b)}}{\text{Page 12, Line 10, Column (b)}}$$

3. Administration and Overhead

The formula for calculating administration and overhead is:

$$\frac{\text{Page 61, Lines 36 + 45 + 51 + 61, Column b}}{\text{Page 12, Line 10, Column } \left(\frac{b + c}{2} \right)}$$

4. Maintenance

The formula for calculating maintenance is:

$$\frac{\text{Page 60, Line 1, Column (b)}}{\text{Page 19, Line 11, Column } \left(\frac{b + h}{2} \right)}$$

5. The rate of return should be the most recent rate of return authorized by the Commission.